

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03 PA-04

PRS-01 USIA-15 CIAE-00 COME-00 FRB-03 INR-11 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 IO-14 OIC-04 AF-10

ARA-16 EUR-25 NEA-14 DRC-01 /238 W

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R 081015Z AUG 74

FM AMEMBASY JAKARTA

TO SECSTATE WASHDC 3777

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

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DEPT PLEASE PASS TREASURY

EO 11652: N/A

TAGS: EFIN ID

SUBJ: FINANCE MINISTER ALI WARDHANA REPLY TO SIMON LETTER

REF: A. STATE 155405 B. JAKARTA 9780

1. FOLLOWING IS TEXT OF GOI FINANCE MINISTER'S LETTER
OF REPLY TO TREASURY SECRETARY SIMON'S LETTER OF JULY 1.
ORIGINAL WILL BE TRANSMITTED TO SECRETARY SIMON BY
INDONESIAN EMBASSY. TREASURY MAY WISH TO PASS TEXT TO
ADDRESSEE POSTS REF A AS APPROPRIATE

2. TEXT: "I HAVE RECEIVED AND CAREFULLY READ YOUR
LETTER OF JULY 17 ON THE MATTER OF THE COUNCIL ON THE
TRANSFER OF REAL RESOURCES. THE INTEREST WHICH THE
UNITED STATES GOVERNMENT AND YOU YOURSELF HAVE SHOWN
IN AN ISSUE SO VITAL TO DEVELOPING COUNTRIES IS BOTH
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GRATIFYING AND ENCOURAGING. WE NEED YOUR COOPERATION

AND SUPPORT AND I INTERPRET YOUR PROPOSALS AS A SINCERE AND SERIOUS EFFORT TO GET THE ENDEAVOR OFF THE GROUND. I ALSO NOTE YOUR COMPASSIONATE CONCERN VIS-A-VIS THE LEAST DEVELOPED COUNTRIES THE PLIGHT OF WHICH INDEED NEEDS SPEEDY AND SUFFICIENT HELP.

3. YOU HAVE CONTACTED ALL OF US WHO ARE MEMBERS OF THE COMMITTEE OF TWENTY AND I WOULD LIKE TO THANK YOU FOR YOUR THOUGHTFULNESS TO SHARE YOUR THINKING WITH US. THE CONSTITUENTS WHO BELONG TO MY OWN GROUP HAVE BEEN PROVIDED WITH THE TEXT OF YOUR PROPOSALS AND I AM WAITING FOR THEIR COMMENTS. HOWEVER, I AM AFRAID THAT WE WILL HAVE TO DISCUSS THEM IN A MEETING WHICH WE HAVE SCHEDULED FOR THE 29TH OF SEPTEMBER, THE SAME DATE WHICH YOU PROPOSE FOR A PREPARATORY MEETING ON A SUB-MINISTERIAL LEVEL. I DO NOT KNOW IF OTHER GROUPS ALSO INTEND TO HAVE A CONSTITUENCY MEETING ON THAT DATE. IF THAT PROVES TO BE THE CASE, ANOTHER TIME MAY HAVE TO BE CHOSEN. MAY I LEARN FROM YOU WHAT THE ULTIMATE DECISION IS IN ORDER TO ALLOW ME TO MAKE OTHER ARRANGEMENTS IF POSSIBLE.

4. FROM THE ABOVE YOU WILL UNDERSTAND THAT AT THIS STAGE I AM NOT IN A POSITION TO GIVE YOU THE COMMENTS OF OUR CONSTITUENCY NOR DO I HAVE CLEAR AND DEFINATE VIEWS MYSELF BECAUSE BEFORE COMING TO AN OPINION I WOULD LIKE TO HAVE THE BENEFIT OF AN EXCHANGE OF VIEW WITH MY COLLEAGUES.

5. MOREOVER, TWO SETS OF PROBLEMS ARE CHURNING IN MY MIND WHICH I WOULD LIKE TO CONVEY TO YOU ON WHICH YOU MAY WISH TO THINK AND POSSIBLY GIVE ME THE BENEFIT OF YOUR COMMENTS. THEY ARE:

1. HOW DO WE HAVE TO HANDLE THE DECISION TAKEN BY THE COMMITTEE OF TWENTY ON THE MATTER IN THE LIGHT OF YOUR IDEA TO ESTABLISH THE COUNCIL OUTSIDE THE FUND AND THE BANK. WE HAVE INVITED THE TWO INSTITUTIONS TO DRAFT RESOLUTIONS FOR THE PURPOSE OF ESTABLISHING A JOINT COUNCIL WHICH WILL BE PRESENTED TO AND DECIDED LIMITED OFFICIAL USE

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UPON BY THE TWO BOARDS OF GOVERNORS AT THE ANNUAL MEETING. DO WE HAVE TO RECONVENE THE COMMITTEE OF TWENTY FOR ANOTHER MEETING WITH A VIEW TO NULLIFYING ITS EARLIER DECISION? HOWEVER, IT IS MY UNDERSTANDING THAT THE COMMITTEE OF TWENTY WILL BE DISSOLVED AT THE ANNUAL MEETING.

2. IN CASE SOME SOLUTION BE FOUND FOR1)

WHAT IS THE JUSTIFICATION FOR LIMITING THE MEMBERSHIP OF THE COUNCIL TO TWENTY? THAT NUMBER WAS ACCEPTED BECAUSE IT REFLECTS THE COMPOSITION OF THE EXECUTIVE BOARD OF WHICH 5 MEMBERS ARE REPRESENTING THEMSELVES BUT THE OTHER 15 ARE SIMPLY THE NUCLEUS OF A GREAT NUMBER OF COUNTRIES. I ASSUME THAT YOU WANT TO KEEP THE NUMBER DOWN BUT AT THE SAME TIME LARGE ENOUGH TO BE REPRESENTATIVE. BUT IF THERE IS NO LEGAL CONNECTION BETWEEN THE COUNCIL AND THE TWO INSTITUTIONS HOW COULD IT BE PREVENTED THAT ALL COUNTRIES WOULD LIKE TO HAVE THEIR OWN REPRESENTATIVES? THEIR CLAIM SEEMS TO BE LOGICAL BUT THEN THE BODY WILL BECOME ONE OF THE SIZE OF UNCTAD: LARGE, REPRESENTATIVE BUT POSSIBLY UNWEILDY AND NOT TOO EFFECTIVE.

6. I AM AFRAID THAT I AM NOT TOO HELPFUL BY RAISING THE TWO QUESTIONS ABOVE FOR WHICH I DO NOT HAVE THE APPROPRIATE ANSWER AT THIS STAGE.

7. MAY I END BY MAKING A SHORT COMMENT ON ANOTHER ASPECT OF YOUR PROPOSALS WHICH AGAIN IS TENTATIVE AND ENTIRELY PERSONAL. I FIND YOUR IDEA TO ESTABLISH A KIND OF BUREAU LIKE THE ONE RUN BY MR MORSE IN THE COMMITTEE OF TWENTY ATTRACTIVE AND WORTH STUDYING. OF COURSE THERE WILL BE NO VICE CHAIRMAN BUT EXPERTS WHO CAN BE NOMINATED FROM THE FUND, THE BANK AND OTHER SOURCES OF EXPERTISE.

8. I AM CONFIDENT THAT BY DISCUSSING YOUR IDEAS WITH AN OPEN AND CONSTRUCTIVE MIND WE WILL BE ABLE TO ARRIVE AT A SOLUTION ACCEPTABLE TO ALL OF US.

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9. ONCE AGAIN I APPRECIATE DEEPLY YOUR EFFORTS TO PROMOTE THE REALIZATION OF ONE OF THE MOST IMPORTANT ASPECTS OF OUR REFORM EXERCISE.

10. WITH WARM REGARDS", END TEXT.
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